

## Glossary

<b>0800 number</b>	A <b>non-geographic number</b> range used for the provision of free-phone services.
<b>Access deficit</b>	Amount by which <b>BT</b> 's revenue from exchange line connections and line rentals falls short of the <b>fully allocated costs</b> of providing and maintaining customer connections to the network.
<b>Accounting separation</b>	Arrangements for which provision is made in Condition 20B of <b>BT</b> 's licence under which <b>BT</b> publishes separate audited financial statements for each of its main businesses including BT Network, BT Retail and BT Access.
<b>ADC</b>	Access Deficit Contribution. The BT Access business contains all the income, costs, assets and liabilities associated with providing connections and the take-over and maintenance of existing exchange lines. As <b>BT</b> is restricted by the regulatory price cap in the extent to which it can raise line rental charges BT Access makes a substantial operating loss. To meet this deficit and to provide a reasonable return on the assets employed, BT Access is credited with Access Deficit Contributions from other <b>operators</b> and from BT Retail. In most cases ADCs from other <b>operators</b> are currently waived under determinations from the <b>DGT</b> .
<b>Additional conveyance costs</b>	Costs associated with extra routeing and processing required within an <b>operator</b> 's network in order to pass a call to the <b>operator</b> to which the called customer has ported his/her number.
<b>Allocative efficiency</b>	The extent to which scarce resources are utilized so as to achieve the distribution of goods and services that best satisfies the demands of consumers.
<b>AT&amp;T</b>	AT&T (UK) Ltd, an <b>operator</b> .
<b>Broadband cable</b>	Cable with capacity to carry a large number (eg 30 or more) television channels.
<b>BT</b>	British Telecommunications plc.
<b>BT Access account</b>	This account includes the costs, capital employed and revenue of <b>BT</b> 's provision of connection and rental services in the public switched telephone network market. It includes all services covered by rental charges, for example the provision of telephone directories.
<b>BT Network account</b>	This includes the costs, capital employed and revenue for the provision of wholesale services.
<b>BT Retail account</b>	This includes the operating costs, capital employed and revenue specific to <b>BT</b> 's retail activities-including the cost of transfer charges to its retail activities from network and access activities-for both <b>BT</b> 's regulated and unregulated activities.
<b>Build obligation</b>	The telecommunication licences of <b>cable companies</b> contain requirements governing the rate at which construction of the network takes place. Levels are set for the number of homes which must be passed by various dates, which are monitored by the <b>DGT</b> . These require-

	ments are referred to as the build obligation.
<b>Busy hour</b>	The time at which the level of demand is greatest. The busy hour can be assessed at any point in the network, or for the network as a whole. Demand may be measured in call attempts or in traffic (erlangs) depending on which is the determining factor for a particular network component.
<b>Cable operators/cable companies</b>	Companies licensed to install <b>broadband cables</b> for the provision of cable television. Most of these companies are also licensed to supply telephony.
<b>Call drop-back</b>	A method of providing <b>NP</b> in which the recognition of ported numbers continues to be carried out at the terminating local exchange, but during the call set-up phase the signalling system passes the necessary information about the call to the trunk exchange so that the voice path may then be established directly between the trunk exchange and the recipient <b>operator</b> . The donor <b>operator</b> 's terminating local exchange takes no further part in the call and the <b>tromboned</b> voice path between the trunk and local exchanges for the duration of the call is no longer required.
<b>CCA</b>	Current cost accounting. A generic term for systems of accounting which allow for the effect of changing prices on values in company accounts. CCA is a supplement to (or replacement for) historical cost accounting.
<b>Common costs</b>	Costs incurred in the supply of all or a group of services provided by the firm that cannot be directly attributed to any one service. Common costs arise from the existence of <b>economies of scope</b> .
<b>Connection not admitted</b>	The message returned to the originating exchange in the call set-up process on the <b>BT</b> network when the number dialled is engaged or not live. The speech and signal paths between the exchanges are released and the originating exchange provides the engaged or number unobtainable tone to the caller.
<b>Conveyance costs</b>	See <b>additional conveyance costs</b> .
<b>Conveyance rates</b>	Charges payable by interconnecting <b>operators</b> for the conveyance of messages on another <b>operator</b> 's network.
<b>Cost allocation</b>	In the normal accounting sense costs are allocated in order to obtain the cost of a product or service. An example is <b>fully allocated cost</b> to which Condition 13 of <b>BT</b> 's licence refers. However, in the context of this report cost allocation also refers to the determination of who shall bear the costs of implementing <b>NP</b> .
<b>Database</b>	Information maintained in a computer storage system which is in a retrievable and recognizable format.
<b>Data decode</b>	Technology used in both the <b>tromboning</b> and <b>call drop-back</b> solutions for <b>NP</b> in which a prefix (which specifies the exchange to which a number has been ported) is attached to the number dialled in order to reroute the calls.
<b>DGT</b>	Director General of Telecommunications, the head of <b>OFTEL</b> .
<b>Digital exchange</b>	A fully computerized exchange which controls and switches calls

<b>DTI</b>	under the direction of software. Control information and message content are all conveyed in a digitally encoded format. Department of Trade and Industry.
<b>Duopoly period</b>	In 1983 before the privatization of <b>BT</b> the Government decided not to license more than two <b>PTOs</b> ( <b>BT</b> and <b>Mercury</b> ) to provide fixed telephony services for a period of at least seven years (1984 to 1991). This arrangement was referred to as the duopoly policy. It was reviewed in 1991 at the end of the seven-year period and the decision was taken to discontinue it.
<b>Economies of scale</b>	These exist when the average cost of production (costs per unit of output) falls as the level of output rises.
<b>Economies of scope</b>	These exist when the average cost (per unit of output) of a service is lower because the firm also provides other services, ie the provision of service B reduces the unit cost of supplying service A.
<b>Elasticities</b>	Price elasticity of demand gives the percentage change in demand for a good or service that would result from a given percentage change in its price. Cross-price elasticity of demand gives the percentage change in demand for one good or service that would result from a given percentage change in the price of another good or service.
<b>Energis</b>	Energis Communications Ltd, an <b>operator</b> .
<b>Financial Results by Service</b>	Audited statements prepared under Condition 52.3 of <b>BT</b> 's licence presenting the costs, revenue and financial position of <b>BT</b> 's various services, including a reasonable assessment of the assets and liabilities attributable to those services. From April 1995 Financial Results by Service has been replaced by the <b>accounting separation</b> requirements of Condition 20B.
<b>Fully allocated costs</b>	Accounting approach under which all the costs of the firm are distributed between its various products. The fully allocated costs of a product may therefore include some <b>common costs</b> that are not directly attributable to the product.
<b>Geographic number</b>	A number which, within the national numbering plan, is allocated for use at an exchange in a specific geographic area.
<b>HCA</b>	Historical cost accounting.
<b>IN</b>	Intelligent network.
<b>Incremental costs</b>	Costs that arise as a result of the provision of the 'increment'. In this report, the increment refers to a service, in particular <b>NP</b> . In contrast to <b>fully allocated costs</b> , the incremental costs of a service include only those costs that are directly caused by the provision of the service. So long as service revenue exceeds incremental costs, the firm improves its profitability by providing the service. A distinction can be made between short-run incremental costs and long-run incremental costs. Short-run incremental costs are those that vary with changes in output when certain inputs are fixed, whereas long-run incremental costs are based on the assumption that all costs and inputs are variable.

<b>Interconnection charges</b>	Charges paid for <b>interconnection services</b> by one <b>operator</b> to another.
<b>Interconnection services</b>	Services provided by one telecommunication <b>operator</b> to another for the purpose of the conveyance of messages and information between the two systems and including any ancillary services necessary for the provision and maintenance of such services.
<b>Ionica</b>	Ionica L3 Ltd, an <b>operator</b> .
<b>ISDN</b>	Integrated services digital network.
<b>Local rate service</b>	BT service using the prefix 0345 where the caller pays only a local call charge and any residual charge is paid by the called party.
<b>Marginal cost</b>	Cost of supplying an extra unit of output.
<b>Mercury</b>	Mercury Communications Ltd, an <b>operator</b> .
<b>MFS</b>	MFS Communications Limited, an <b>operator</b> .
<b>Mobility</b>	Ability of a customer who ports a <b>geographic number</b> also to change address within the area in which <b>NP</b> is provided between <b>operators</b> . Mobility may be simultaneous (taking place at the same time as the change of <b>operator</b> occurs) or subsequent (taking place at a later time).
<b>MSO</b>	Multiple system operator. A cable company which operates more than one franchise, eg <b>NYNEX</b> and <b>Videotron</b> .
<b>NERA</b>	National Economic Research Associates, an economic consultancy.
<b>NICC</b>	Network Interoperability Consultative Committee, formerly Network Interfaces Co-ordination Committee.
<b>Non-geographic number</b>	A number which, within the national numbering plan, is allocated to any <b>PTO</b> for use in connection with a specific category of telecommunication service rather than to an exchange line in a specific geographic area. Examples are numbers within the 0800, 0500 and 0345 ranges.
<b>NP</b>	Number portability. Also referred to in this report as portability. The facility between <b>operators</b> which enables a customer to transfer from one <b>operator</b> to a second <b>operator</b> and retain the same number (see paragraph 3.29 for an account of different types of NP).
<b>Number block</b>	A series of numbers (usually sequential) allocated by <b>OFTEL</b> to licensed <b>operators</b> for the use of their customers. <b>Operators</b> may in turn allocate blocks of numbers, ranging from fewer than ten to 10,000, to larger customers for use in the provision of telecommunication services. Such customers, if changing <b>operator</b> , may wish to have the series of numbers ported to the new <b>operator</b> .
<b>NYNEX</b>	NYNEX CableComms Limited, an <b>operator</b> and a <b>cable company</b> .
<b>OFTEL</b>	Office of Telecommunications.

<b>OLO</b>	Other licensed <b>operator</b> , eg <b>Mercury</b> , <b>cable companies</b> , excluding <b>BT</b> .
<b>Operator</b>	Body licensed by the <b>DTI</b> to provide a telephone network service.
<b>Opportunity cost</b>	The return that is forgone by employing resources in their current use rather than the most valuable alternative use.
<b>Per line set-up costs</b>	Costs incurred in adjusting switches and administration records in order to enable a particular customer to port his or her number.
<b>Portability</b>	See <b>NP</b> .
<b>Porting</b>	(Of a customer's number.) Keeping the same number when transferring from one <b>operator</b> to another.
<b>Predatory pricing</b>	The deliberate sacrifice of short-term profits by setting low prices with the intention of eliminating or weakening competitors so that profits in the longer term will be enhanced.
<b>Productive efficiency</b>	That form of efficiency which is maximized when each firm in the industry carries out its activities at minimum cost and when activities are distributed between firms such that industry-wide costs are minimized.
<b>PTO</b>	Public telecommunication operator, an <b>operator</b> licensed to provide services to the public, eg <b>BT</b> , <b>Mercury</b> , <b>Energis</b> .
<b>RCF</b>	Remote call forwarding. An existing service from telecommunication <b>operators</b> in which customers who relocate to another address can continue to use the same telephone number. Calls continue to be delivered in the normal way, but are then forwarded to the new location: the <b>operator</b> generally charges the customer for the additional conveyance involved in forwarding the call from its original destination. Before the <b>tromboning</b> solution was specified, discussions took place on the use of remote call forwarding to bring about early introduction of a form of <b>NP</b> (remote call forwarding offered to a user is not <b>NP</b> because it does not normally involve a change of <b>operator</b> ). For this reason remote call forwarding is sometimes referred to as the pre-interim solution for <b>NP</b> .
<b>Ready reckoner</b>	The term used within the telecommunication industry to describe the schedule of prices for elements which make up standard interconnection services between <b>BT</b> and other <b>operators</b> , which is determined by the <b>DGT</b> under the terms of <b>BT</b> 's licence.
<b>Real-time rerouter</b>	A device which enables the recipient installer of a ported telephone number remotely to activate the <b>porting</b> operation on the donor <b>operator</b> 's switch. The use of real-time rerouters is expected to reduce the level of <b>per line set-up costs</b> . Also referred to as real-time router.
<b>RPI-X</b>	Procedure to restrict price rises for any year to the increase in the retail price index (RPI) less a percentage of X, which is sometimes referred to as an efficiency factor. The level of X (which can also be a positive figure) is set by the industry regulator for a number of

years and then reviewed.

<b>Single tandem segment</b>	A standard combination of the use of <b>BT</b> network elements for inter-connection including a local exchange, a trunk exchange and the transmission links between them, for which the charge is now contained in the <b>ready reckoner</b> . There are other standard combinations of elements such as double tandem, short national and long national.
<b>System set-up costs</b>	Costs incurred in establishing the technical and administrative capability to provide <b>NP</b> (or to receive reciprocal <b>NP</b> ) in a telecommunication network, including network and systems modifications and the associated testing of their functionality.
<b>Telecommunication apparatus</b>	Customer terminal equipment which is attached to a telecommunication network.
<b>Telecommunication services</b>	Services provided over a telecommunication network (either fixed or mobile).
<b>TeleWest</b>	TeleWest Communications plc, an <b>operator</b> and a <b>cable company</b> .
<b>Time of day gradient</b>	<b>BT</b> 's retail prices for many services vary according to time of day (and day of week) with, for instance, daytime calls costing more than calls in the evening and weekday calls more than weekend ones. Similar considerations apply to wholesale charges for interconnection. The varying percentages applied to averaged <b>conveyance costs</b> to provide evening, weekend etc charges are known as the time of day gradient.
<b>Tromboning</b>	Term used to describe the conveyance of a call being routed through a trunk exchange to a local exchange and then returned to that trunk exchange before being routed onwards to its final destination.
<b>TXE4 exchange</b>	Electronic exchange offering some, but not all, of the functionality of a digital exchange. In particular it is limited in the range of functions it can carry out.
<b>Type 1 benefits</b>	Benefits (of introducing <b>NP</b> ) to customers who retain their telephone numbers when changing <b>operator</b> , net of effects on these <b>operators</b> .
<b>Type 2 benefits</b>	Efficiency improvements and any associated price reductions brought about by increased competition as a result of the introduction of <b>NP</b> .
<b>Type 3 benefits</b>	Other resource savings as a result of there being fewer number changes, including fewer misdialled calls, fewer calls to directory enquiries, fewer changes to directories and fewer changes to customer equipment. These benefits are primarily enjoyed by the calling party.
<b>USO</b>	Universal Service Obligation. Obligation on <b>BT</b> to provide a basic telephone service to all who reasonably request it at geographically averaged prices.
<b>Videotron</b>	Videotron Corporation Ltd, an <b>operator</b> and <b>cable company</b> .

**Voice telephony services**

A telephone service.